

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 1254 – SB 1327

April 10, 2013

SUMMARY OF ORIGINAL BILL: Deletes liquor-by-the-drink authorization for certain restaurants not meeting food service requirements within a national historical landmark district. Deletes language relative to beer in sections of code related to the authorization of liquor-by-the-drink licenses issued by the Alcoholic Beverage Commission. Deletes an obsolete provision in liquor-by-the-drink law.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004436): Deletes all language after the enacting clause. Adds five entities to the definition of “urban park center” for the purpose of on-premises consumption of alcoholic beverages.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 26, 2013, a fiscal memorandum for this bill as amended was issued stating a fiscal impact of:

*Increase State Revenue - \$1,500/One-Time/ABC Fund
\$800/Recurring/ABC Fund*

Increase Local Revenue - \$500/Recurring

Upon determination that the entities licensed as urban park centers by the amended bill are currently licensed as limited service restaurants, as opposed to entities seeking new on-premises consumption licensing, the fiscal impact is estimated to be:

(CORRECTED)

Decrease State Revenue – Net Impact –

\$17,800/FY13-14/ABC Fund

\$19,300/FY14-15 and Subsequent Years/ABC Fund

Increase Local Revenue – Not Significant

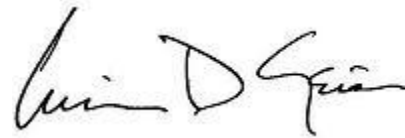
HB 1254 – SB 1327 (CORRECTED)

Assumptions for the bill as amended:

- This bill as amended applies to five entities that will be able to sell alcoholic beverages for on-premise consumption.
- There is a one-time \$300 initial application fee and a \$150 annual renewal fee for urban park centers. Application and renewal fees are payable to the Tennessee Alcoholic Beverage Commission (ABC) Fund.
- The increase in state revenue to the ABC Fund generated in FY13-14 for these five facilities will be \$2,250 $[(5 \times \$150) + (5 \times \$300)]$ under the provisions of the bill as amended. The increase in state revenue to the ABC Fund in FY14-15 and subsequent years is estimated to be \$750 $(5 \times \$150)$.
- Currently, these facilities are licensed as limited service restaurants with food sales representing between 15 and 20 percent of gross sales. As a result, they are subject to an annual privilege tax of \$4,000. Total recurring revenue to the ABC Fund from these entities is \$20,000 $(5 \times \$4,000)$ under current law. The state will no longer collect this revenue under the bill as amended.
- The net decrease in state revenue to the ABC Fund for FY13-14 is estimated to be \$17,750 $(\$20,000 - \$2,250)$.
- The net recurring decrease in state revenue to the ABC Fund for FY14-15 and subsequent years is estimated to be \$19,250 $(\$20,000 - \$750)$.
- No additional personnel or resources will be required by the ABC.
- The entity will be assessed state and local sales taxes on alcoholic beverage sales, a 15 percent liquor-by-the drink tax on each alcoholic beverage sold, and any applicable county or city privilege tax. Revenue collected from these taxes is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/cce